FOREST PRIVATIZATION IN GREECE AND THE EU: LEGISLATIVE DEVELOPMENTS AND SOCIAL IMPLICATIONS

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Abstract

The present study examines the phenomenon of forest privatization in Greece, highlighting its uniqueness compared to practices followed by other European Union countries. At first, a historical overview of forest legislation in Greece is presented, accompanied by the forms of privatization that have been recorded. We then analyze the changes in forest legislation during the financial crisis that facilitated the private exploitation of forest land, as well as the regulatory framework that favored the entry of private companies into the economic management of public forests. Furthermore, to understand the context in which Greece operates, the impact of European forest policy on member states' decisions is reviewed. The analysis extends to the social implications of the diversification in forest management practices, focusing on their impact on the citizens' well-being. Emphasis is placed on the conflict between different property regimes and common pool resource management. Finally, the conclusion summarizes the findings from existing national and European legislation, recording the concerns of citizens and collective bodies on national forest policy and the extent to which measures are taken to protect public interest.

Keywords: *forest privatization, forest legislation, financial crisis, private exploitation, social implications*

1. INTRODUCTION

Unlike other European countries, forest privatisation in Greece has been one of the most controversial issues in contemporary environmental policy and economic management. The issue has been in the news over the years, particularly with the passage of legislation from time to time that favours private trespassers, the allocation of forest fragments for grazing, or the clearing of forest land for agricultural use, especially after fires.

With the prevalence of neo-liberal thinking and in the context of the search for new sources of revenue during the financial crisis, the privatization of forest land has become a central issue. In addition to the usual privatization practices, legislation facilitated the entry of the private sector into public forests, allowing, among other things, the installation of wind turbines even on burnt land, with a view to its economic exploitation. This has raised strong concerns among organised groups of citizens and volunteers, the Forestry Service, geotechnical chambers and environmental associations about the limits of green development, while raising questions about the constitutionality of the central administration's decisions. The debate is not limited to the economic exploitation of forests, but extends to the preservation of biodiversity, the protection of the environment and the safeguarding of natural resources for future generations, which is a key social demand and concerns all European citizens.

The innovative feature of the present study is the examination of the direct social impacts of privatization in addition to the economic utilisation of forests and natural resources within the context of state policy and environmental sustainability. Specifically, it underscores the manner in which shifts in forest management directly impact the daily lives of citizens, engendering uncertainty, jeopardising their livelihoods, intensifying the occupational instability of those who are directly dependent on the forest economy, and further exacerbating social inequalities.

The remainder of the paper is organised as follows. Section 2 presents the institutional framework and historical evolution of forest privatization in Greece and the European Union (EU). Section 3, provides an overview of the various forms of forest privatization. Section 4 examines the economic and social impacts of forest privatization. Finally, Section 5 concludes with key findings and recommendations for sustainable forest management.

2. HISTORICAL BACKGROUND

With the establishment of the Greek State and the Decree of 17/29-11-1836 "On Private Forests", the distinction between public and private forests was defined. In addition, an attempt was made to bring as many forests as possible under public ownership, to be used for the economic development of the country. Subsequently, the concept of forests was legally defined; an expanded concept was introduced by Law 998/1979 (Article 3) and defined its economic and ecological function [1]. The 1975 Constitution (Article 24) established strict provisions for the protection of forests and woodlands, prohibiting changes in land use, unless there was overriding public interest. Article 117 of the Constitution introduced mandatory reforestation after fire or deforestation, with no possibility of disposal for other purposes [2]. The provisions of the Constitution remain a strong legal shield against the privatization and exploitation of forest land. As a result, the country indicates significant differences in the percentage of privately owned forests compared to other European countries.

Country	**Percentage of Private Forests in relation to Total Forest Area (%)**
Portugal	96
Norway	79
Sweden	75
Italy	72
France	64
Finland	64
Austria	61
Spain	61
Germany	41
Switzerland	29
Greece	15

Table 1. Percentage of Private Forests in the Total Forest Area in European Countries up to 1995

Source: Kemidis, 1995 [3]

Prior to the debt crisis, forest ownership in Greece exhibited a high degree of diversity. Typically, public forests were characterized by significantly larger areas in comparison to private forests. The management of public forests was the exclusive responsibility of the state, and the constitutional protection of the right to the environment acted as a hindrance to any privatization measures [4]. However, following 2008, a shift in this dynamic became evident. The differences are illustrated in Table 2.

	Greece	Rest of Europe
Public Forests	65-70%	30-50%
Private Forests	25-30%	50-70%
Management	Strictly state-controlled	More freedom for private individuals
Right of Access	Limited to private forests	In many countries, free access even to private forests
Ownership problems	Yes (unclear status of forest maps)	Not so strong
Privatization	Very difficult due to constitutional protection	More widespread, but regulated

Table 2. Key differences in forest ownership between Greece and Europe up to 2015

Source: FAO, 2010 [5]; Albanis, 2015 [6]

To date, the EU does not have a common forestry policy, as this is not provided for by the EU Treaties. Each EU member state applies its own forest policy, considering the specific characteristics of its forests and the legal framework in place. There are, of course, binding strategies for member states, which are mainly part of the EU's Common Agricultural Policy, alongside regulations and conventions (FLEGT, EU Timber), but these focus on combating illegal logging and trade [7].

The Greek debt crisis and the privatization of public assets

The Greek debt crisis, which began in 2009, was the result of a combination of domestic and international circumstances. The financial crisis had an impact on the Greek economy, which - when combined with the difficult fiscal situation, the speculative activities of the international markets and the problematic architecture of the Economic and Monetary Union (EMU) , led to the country's inability to borrow from the international markets and the signing of three memoranda of understanding (2010, 2012, 2015) with the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) [8]. The fundamental objective of these loan agreements was to guarantee the repayment of the loans to the country's lenders.

In 2011, the founding legislation of the "Fund for the Realisation of the Private Property of the State SA" was enacted to comply with the obligations arising from the requirements of the Memoranda. This institution was established with the purpose of managing the transfer of assets from the public sector, including property and holdings of Public Legal Entities (PPPs) or public enterprises in which the State held sole ownership. The Hellenic Privatization Fund (Hellenic Republic Asset Fund) was established to act as a strategic partner of the Greek state, with the objectives of attracting investments, enhancing the growth potential of the Greek economy, strengthening its international credibility and generating national wealth [9]. The revenue generated from the utilisation of these assets was earmarked exclusively for the repayment of public debt, with the stipulation that forestry assets were not exempted from this agreement [9].

The transfer of public assets to the Hellenic Republic Asset Fund (HRAF) was implemented without a prior valuation and, with its operational programme, it retains its ability to exploit its assets with a preference for the sale and general transfer of assets (i.e. disposal). In 2016, the HRAF was replaced by the Growthfund [10]. The dispute in the Greek case concerned, initially, the massive privatization of public forests, which were included in the Growthfund and declassified as public, because they were not considered to be in public use and therefore not accessible to the public [11].

Legislative reforms in the economic management of forests

The entry of corporate private business giants into the economic exploitation of forests in Greece has been a gradual process, with 2021 serving as the reference year. At that time, the institution of the reforestation contractor was legislated, providing for direct reforestation assignments to non-institutional entities, paid from state funds. This legislative change signalled a marked shift in the role of the Forestry Service, which had previously been responsible for carrying out reforestation projects and which possessed the necessary expertise and experience to carry out these tasks in a cost-effective manner. Concurrently, emphasis was placed on renewable energy installations (wind turbines and wind farms), which were permitted not only in forests, but also in reforested areas, with a twenty-year period of economic exploitation, and the now formal private sector participation [12]. Meanwhile, the exemption of the so-called aesthetic forests from environmental legislation was the trigger for allowing private parties to acquire encroached property in forests and habitats and to return illegally cleared forests to agricultural use. It is estimated that, under a provision passed in 2023, 1.3 million hectares of cleared land were returned to agricultural use [13].

In 2024, a series of legislative amendments were enacted, effecting a transformation in the financial administration of public forests. Previously, the responsibility for this operation fell within the obligations of the Forestry Service; however, these duties were subsequently transferred to hybrid cooperative schemes. The supervision of forest cooperatives, which were the sole beneficiaries of forestry activities in handling, marketing, processing and refining of forest products, was transferred to hybrid cooperative systems. The new legislation stipulated that forest management and exploitation would henceforth be conducted exclusively through the framework of implementation contracts awarded by these novel schemes. These schemes would consist of 50% forestry cooperatives (presently comprising a limited number of daily wage forestry workers) and 50% large timber industrialists and green development entrepreneurs [14]. The duration of the assignment was estimated not to exceed the maximum duration of a management study, i.e. up to ten years in the management of public forests. Their revenues, excluding those derived from logging, clearing, biomass extraction and the sale of products and/or their utilisation in industrial contexts by participating timber companies and timber traders, would be subsidised on an annual basis. Such subsidies would be based on revenues from auctions of emission rights or other public resources. The certification of the amount of biomass would be verified by private auditors; the editors would be selected from a register, which would be set up and cooperate with the Forestry Service only for this purpose [15].

In the present year, the government is promoting the establishment of an exchange for the trading of intangible carbon securities, in which carbon credits, originating from tariffs and reforestation, will be exchanged. Businesses will purchase these securities to meet CO_2 emission reduction targets. It is anticipated that this novel market will be operationalised from 2026, with the institutional framework to be delineated through ministerial decisions. It is estimated that the sale of credits will generate €1 billion in the initial three-year period. It is intended to fund forest maintenance and prevention, thereby ensuring the financial sustainability of forest management in the post-European funding era. The National Energy and Climate Plan [16] underscores that this market will facilitate initiatives such as reforestation, sustainable agriculture, and carbon reduction projects.

The weakening of the Forestry Service and the resulting danger to forests

Since 1979, according to Law 998/79, the responsibility for the prevention and extinguishing of fires in forests and forest areas was the responsibility of the Forestry Services and the forestry employees serving them. However, since 1998, this responsibility has been transferred from the Forestry Service to the Fire Service [17]. The new legislation was met with objections, primarily because the Fire Service's focus was on extinguishing fires that threatened human life and property, rather than extinguishing fires in terms of the environmental sustainability of an ecosystem per se [18]. Furthermore, the forest fires that broke out had management problems in extinguishing them, as the ground fire service resources were not familiar with the forest roads and paths, calling Forest Service employees to assist and help.

It is important to note that since 2001, when the last recruitment was made in the Forestry Service, the number of forestry employees (foresters) has been reduced by more than 50% compared to the organizational charts, and the current staff is aged between 51 and 60 years. Until 2023, advertisements for positions in the Forestry Service did not include permanent staff, but contract workers to cover seasonal needs during the fire season [19].

The combination of these reforms with the absence of fire coordination by the Forest Service and its understaffing resulted in the loss of significant areas of land. The increase in forest fires is clearly reflected in Figure 1.

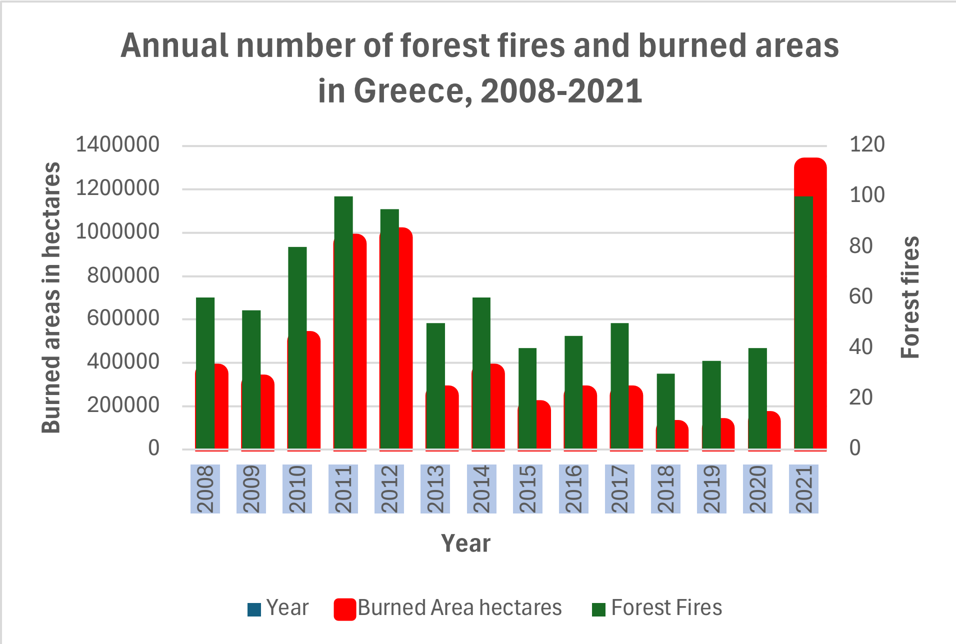

Fig. 1. Annual number of forest fires and burned areas in Greece, 2008-2021

Source: Ertnews.gr, 2022 [20]

In 2021, the Forestry Service relinquished its authority over the design and implementation of reforestation initiatives within designated regions, a decision that precipitated a decline in its substantial knowledge and expertise. The most recent legislation (Law 5106/2024) has also transferred the supervision of the management, handling, trading, marketing, distribution, processing and transformation of forest products from the Forestry Service to other bodies, effectively transforming the Forestry Service into a quasi-advisory body with a portfolio consisting primarily of theoretical studies, with no substantial powers on key issues related to public and private forests in Greece [14].

Noteworthy is that a forest inventory has not been compiled for 100% of the forests in Greece, nor have forest maps been fully validated [21]. The apparent absence of political determination in overcoming these challenges, coupled with the ongoing pursuit of a forest fund characterized by vulnerability, instability, ambiguity, and uncharted documentation, prompts critical inquiries.

3. FORMS OF FOREST PRIVATIZATION IN GREECE

Arbitrary building and land reclamation

One of the most enduring political dilemmas, with social, economic, environmental and urban planning consequences, is the issue of arbitrary building in the country. Such constructions are primarily located in forest areas, due to the unclear and volatile boundaries of the forest. This practice has resulted in the replacement of simple forest dwellings, previously inhabited by those who depended on the forest for their livelihoods, with holiday settlements and unauthorized primary residences. These new structures are often constructed without basic infrastructure, citing the concept of usufruct as a legal justification. It is estimated that 70% of encroachment in Greece concerns buildings within forested areas, located around the capital and the co-capital city [22]. The factors that have been identified as contributing to the exacerbation of this issue include the absence of adequate spatial planning, the lack of a comprehensive development framework, and the absence of political will. A further complicating factor is the presence of land that was previously forested and subsequently cleared for agricultural use without the requisite permission [13].

Fires and trespassing

In Mediterranean-type forests, such as the Greek forests, a fire from natural causes occurs every 100 to 150 years. Apart from the natural causes of a fire, anthropogenic causes are the most important. Only 5% of forest fires are caused by natural causes, while 95% are due to human intervention and activity, making them a serious threat to forest survival [23]. Land clearing of burnt forest areas is a common phenomenon and is largely reflected in the country. Exploitation of forest destruction for profit, especially through the construction of buildings, is mainly due to inadequate supervision and lack of preventive and repressive intervention by the state.

4. THE SOCIAL IMPACTS OF FOREST PRIVATIZATION

Social inequalities in the enjoyment of environmental goods are far from negligible. The transfer of forest land to private ownership can lead to restrictions or prohibitions on public access, affecting the free use and enjoyment of forests. Local communities dependent on activities such as timber and fruit collection, precarious occupations such as resin collectors, lumberjacks and those involved in agroforestry are certain to be affected [24]. Loss of access to forest resources may lead rural and mountain residents to migrate to urban centers in search of alternative sources of income, thus abandoning the countryside.

The development of private projects, such as tourist resorts or industrial facilities, are factors that affect the aesthetics of the natural landscape and the quality of life of residents [25]. The transfer of public forests to private individuals can provoke reactions from local communities, leading to social tensions and conflicts with investors and government agencies. Therefore, meeting the needs and demands of society, as a primary concern of a forestry enterprise, is a matter of social policy, considering, inter alia, the limits of social and cultural tolerance [26]. These impacts highlight the need for careful assessment and participation of local communities in any forest privatization process to ensure the protection of social, cultural and environmental values.

When analyzing the social impacts of forest privatization, citizens' free access to nature and the multiple benefits it provides are of particular importance. According to a Eurobarometer survey [27], citizens rate the environmental benefits of forests as more important than their economic exploitation, prioritizing the enjoyment of the natural environment, which is also a constitutional right in many countries. In the post-pandemic era, free access to nature was recognized as a counterweight to chronic health problems such as obesity and depression, with a significant positive impact on quality of life. The privatization of forests, by restricting this access, could exacerbate social inequalities by depriving economically weaker groups of the opportunity to benefit from the therapeutic and rejuvenating properties of the natural environment. Maintaining the public character of forests is therefore a crucial factor for social cohesion and the protection of public health.

5. CONCLUSIONS

This study analyzed the institutional and legal framework of forests in Greece and the European Union, focusing on privatization processes and the social impacts resulting from them. The findings indicate that Greece, in contrast to other European countries, has historically possessed a stringent regulatory framework that has protected public forest lands, thereby significantly restricting their private exploitation. Arbitrary building and land reclamation in Greece, particularly in forest areas, result from inadequate spatial planning, unclear forest boundaries, and lack of political will. Additionally, forest fires —mostly caused by human activities— often lead to illegal land exploitation and construction, exacerbated by insufficient state supervision. However, the financial crisis and institutional reforms implemented in the context of austerity policies have increased the involvement of private actors in forest management, raising questions about the long-term impact of these policies on society.

The privatization of forests can have direct social implications, including the limitation of citizens' access to the natural environment and the exacerbation of social inequalities. Forests are not merely an economic resource, but also a fundamental component of social well-being, given their role in enhancing quality of life, promoting mental and physical health, and safeguarding the cultural identity of local communities. Moreover, the gradual weakening of public forest services and the shift of their management to private entities have led to challenges regarding fire prevention, the implementation of reforestation policies and the overall protection of biodiversity. The study confirms the need for balanced management of forest resources, combining development needs with social and environmental priorities. The maintenance of forests as a public domain is a pivotal social policy concern for sustainable development and the provision of natural resources to citizens. The findings emphasize the necessity for further research into the impacts of privatization, both at national and European levels. It is imperative that forest policy is founded on interdisciplinary approaches that guarantee the preservation of ecosystems, social justice and the sustainable utilization of natural resources for the benefit of future generations.

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